UNITED STATES MARINE CORPS
Logistics Operations School
Marine Corps Combat Service Support Schools
PSC Box 20041
Camp Lejeune, North Carolina 28542-0041

LOC 1212

STUDENT OUTLINE

MANAGE SECTIONS FISCAL MATTERS

LEARNING OBJECTIVES:

1. Terminal Learning Objective: Given commanders guidance, comptroller's input, required fiscal report, documents, and the references, manage a section's annual exercise/deployment related fiscal matters, to ensure the budget is managed in an organized, timely, logical, and accountable manner per the references. (0402.01.07)

2. Enabling Learning Objectives:

a. Given the references, commander's guidance, comptroller's input, written test, and required reports, identify the steps required in the preparation of the budget, per the references, including the: (0402.01.07a)

(1) Commander's responsibilities concerning the annual budget process.
(2) Definition of OPBUD funds.
(3) Definition of budget ceiling.
(4) The specific considerations for budget submissions.
(5) Definition of one-time cost.

b. Given the references, commander's guidance, comptroller's input, a written test, and required reports, identify the procedures in the execution of the spending plan, per the references. (0402.01.07b)

OUTLINE:

1. **GENERAL FINANCIAL MANAGEMENT TERMS**:

a. Appropriation. - An act of Congress authorizing funds to be used for a specific purpose and for a specific period of time.

b. Authorization. - Amount of money granted to a command or unit for ordering needed goods or services (creating obligations).

c. Available Balance. - The amount of money the command has left for making new obligations. Available balance is simply the result of taking the command's authorized amount and subtracting all obligations.

d. Budget Ceilings. - The upper limit of funding authorized a unit for a fiscal year for each type of appropriations.

e. Budget Reporting Code (BRC). - 2 digit code that is used to capture costs of special interest within the command or by HQMC (e.g. BG represents exercise Battle Griffin). The normal use for this field in the operational forces is to identify individual exercises the unit participated in. The use of a special BRC code helps to collect all the cost associated with an exercise for all units participating and helps for requesting funds in future years to perform the same exercise.

f. Cost Account Code (CAC). - 4 digit code that is used to classify transactions to their purpose. (e.g. 0FM0 represents Field Maintenance of MT equipment) CAC's are the lowest required level of cost collection and categorization used in the Standard Accounting, Budgeting, and Reporting System (SABRS). These identify "why" we spent funds and what function got supported by spending funds. CAC's specifically created for the FMF begin with a zero.

g. Deficiencies. - Requirement or function the command either needs or wants to fulfill and there is not sufficient funding available to cover the cost.

h. Discretionary Costs. - Those costs that add to mission accomplishment, but if not funded, will not stop unit from performing assigned tasks. (Examples are amounts spent on TAD, admin supplies, etc.)

i. Financial Management. - The control over and effective utilization of the financial resources available for the accomplishment of assigned missions. It does not determine the mission but it is a primary consideration in determining both the means and time-phasing of mission accomplishment.

j. Fiscal Year. - The accounting period used for a year. The Federal Government's fiscal year starts on 1 October and ends on 30 September.

k. Fixed or One-time Costs. - Those areas or functions of a command that must be funded regardless of funding level (i.e., funds for a unit's maintenance contracts, vehicle fuel, or repair part requirements).

l. Fund Administrator (FA). - The FA is an individual designated by billet who is responsible for the administration of one or more work centers, usually the battalion or detachment commanders. The Supply Officer normally has the additional duty as Fiscal Officer and the responsibility for executing FA duties.

m. Fund Code (FC). - 2 digit code that is used to identify the chargeable appropriation and subhead for the transaction. For the operational forces, you will normally have two FCs assigned. One will be used to identify PE funds and the other to identify RA funds. (e.g. BF represents Division funds, (17*1106.27A0)

n. Obligations. - Amounts of orders placed, contracts awarded, TAD approved, and similar transactions during a fiscal year which will require future payments for received goods and services from the United States Treasury.

o. Operating Budget (OpBud). – An annual Operation and Maintenance, Marine Corps (O&M, MC) appropriations budget approved to fulfill specific mission requirements.

p. Object Class/Subobject Class Code (OC/SOC). - 4 digit code that identifies uses of funds into type of expense incurred and source of supply.

q. Planning Estimate (PE). - Money commonly referred to as hard dollars which is used to purchase on the open market those items which cannot be obtained through normal supply channels or to purchase POL and DSSC items from Self Service or Shop Stores.

r. Requisitional Authority (RA). - The statistical dollar value authority provided to the using unit. This authorization represents the maximum cash value of supplies a unit may requisition in any one fiscal year. Often referred to as "soft dollars" or ISSA/SMU dollars.

s. Work Center (WC). - 2 digit code that identifies subordinate units within a FA that require financial support and the ability to expend funds (i.e., staff sections, companies, and commodities within a battalion).

2. OVERVIEW OF THE BUDGET. The federal budget is one of the most important issues battled by Congress each year. It is a highly politicized, very complicated and lengthy document. The executive branch is responsible for preparing the federal budget with funds to run all departments and agencies in the government. The budget is formulated from the financial plans and goals that are required to support the government's annual objectives. By law, the President must present the federal budget to Congress each year following the State of the Union Message. Congress must approve the federal budget and pass it into law as the Appropriations Act. Otherwise, a Continuing Resolution is required to be signed by Congress which allows specific government functions to continue running on a portion of the previous year's budget until the new budget is accepted and passed into law. Unfortunately, for the military this action often takes a while to be enacted. Sometimes spending is very scrutinized for several months in the new fiscal year.

3. MARINE CORPS DIRECT APPROPRIATIONS. The Marine Corps uses two different appropriations; annual and multi-year. Annual appropriations are funding authorizations which must be obligated the same fiscal year they are approved (i.e., a unit's budget). Multi-year appropriations are funding authorizations that span several years (i.e., purchasing and implementation of a new vehicle). There are a total of six Marine Corps "green dollar" direct appropriations:

a. ANNUAL.

(1) Military Personnel, Marine Corps (MPMC). pay/ allowances

(2) Reserve Personnel, Marine Corps (RPMC). Reserve pay/allowances

(3) Operations and Maintenance, Marine Corps (O&M, MC). Appropriations used for annual mission and training

requirements. Also may be used for purchases of Major end items and systems costing less than $100,000.00.

(4) Operations and Maintenance, Marine Corps Reserve (O&M, MCR). Appropriations used for the Reserve's annual mission and training requirements.

b. MULTI-YEAR.

(1) Procurement, Marine Corps (PMC). Three year appropriation that finances the purchase of Major end items and systems costing more than $100,000.00.

(2) Procurement Ammunition, Navy and Marine Corps (PANMC). Three year appropriation that finances ammunition and other related items.

4. TYPES OF O&M, MC APPROPRIATIONS. There are two types of O&M, MC funds that are used within the Marine Corps:

a. OPERATIONAL FORCES FINANCIAL SYSTEM (OFFS) TARGET LIMITATION. Otherwise known as Requisitional Authority (RA), these funds are commonly referred to as our Marine Corps "soft dollars". RA funds can only be obligated at the local SASSY Management Unit (SMU) which is organized and located under the FSSG command structure. For every RA dollar the comptroller assigns a unit commander, a matching PE dollar is provided to the SMU to use in purchasing items from their source of supply to maintain stockage levels in anticipation of demands from customers. Most units in the operating forces receive the majority of their operational supply requirements such as repair parts, using RA funds at the local SASSY Management Unit (SMU).

b. OPERATING BUDGET (OPBUD) TARGET LIMITATION. Otherwise known as Planning Estimate (PE), these funds are commonly referred to as "hard dollars". Generally any purchases made that are not from the supply system require PE funds. PE dollars are utilized in the Marine Corps to pay for daily operational requirements such as fuel, Temporary Additional Duty (TAD) trips and to obtain most Administrative supplies from the local Direct Support Stock Center (DSSC) activity. If a particular item is not available at DSSC or within the Marine Corps supply system an open purchase request may be submitted to the local Purchasing and Contracting (P&C) department. Another popular avenue being implemented by P&C departments is the government-wide Purchase Card Program, also know as the International Merchant Purchase Authorization Card (IMPAC). This has been an extremely successful procurement tool for small purchases costing $2,500.00 or less (micro-purcahses). The biggest benefit has been the reduction of time and effort.

5. COMMAND RESPONSIBILITY. Commanders have two types of financial management responsibility:

a. COMMAND. This responsibility parallels other command functions and program responsibilities. It tasks commanders with control, administration and use of funds (execution of budget authority) granted to perform their mission.

b. LEGAL. This responsibility charges the commander not to over commit, over-obligate, or over expend appropriated funds established by the 31 US Code 1517.

6. ORGANIZATION OF THE MARINE CORPS (FMF) FINANCIAL SYSTEM.

a. HQMC. Headquarters Marine Corps (HQMC) receives appropriations from Congress through the Department of the Navy annually. HQMC is identified as the OPBUD Grantor and assumes legal responsibility for the budget appropriations. The Marine Corps Fiscal Department authorizes funds for COMMARFOR(LANT/PAC) in the form of operating budgets.

b. COMMARFOR(LANT/PAC). Each force commander receives a portion of the Marine Corps operating budget (OPBUD) and therefore becomes an OPBUD Holder. The OPBUD contains estimates of the total value of all resources required for the performance of the mission of an activity, including reimbursable work and/or services for others. Only Commander of Marine Forces, Atlantic (COMMARFORLANT), Commander of Marine Forces, Pacific (COMMARFORPAC), Commander of Marine Corps Air Bases, East (COMCABEAST), and Commander of Marine Corps Air Bases, West (COMCABWEST) are authorized to issue a Sub-OPBUD to a major activity within the operational forces. The distinction of being a OPBUD Holder also comes with legal responsibilities. Commanders may delegate their financial authority for execution of the operating budget to department heads or other subordinates by means of operating targets or planning estimates. However, they cannot pass their legal responsibility.

c. MAJOR ACTIVITY - Base/Station, MEF, Division, Wing, FSSG, etc. Each major command receives a portion of their respective force commander's appropriations in the form of an annual Sub-OPBUD. These Planning Estimate (PE) funds are normally managed by the local Comptroller's office with a portion of the funds being transferred to RA funds for their supply system budgets. The major activity commander assumes command and administrative responsibility for their respective Sub-OPBUD.

d. FUND ADMINISTRATOR/WORK CENTER. Fund Administrators are the lowest organizational entity authorized to budget and expend funds. Fund Administrators are battalions/squadrons that receive a portion of their Major Commands budget normally divided in RA and PE funds. Within Fund Administrators, company's within the battalion, may be identified to make tracking of obligations easier. A Motor Transport Company within Headquarters and Service Battalion would be a good candidate to have a work center. This way a portion of funds can be established for this work center and tracked to ensure no one over-obligates their funding. Work centers (e.g. Motor Transport Co.) will submit all requisitions through the Fund Administrator (e.g. H&S Battalion supply) for tracking purposes and cannot expect to be able to spend funds on items for which the money was not intended.

USMC FUNDS DISTRIBUTION

OPBUD GRANTOR (HQMC)
Legal Responsibility

OPBUD HOLDER (COMMARFOR(LANT/PAC))
Command/Administrative Responsibility

SUB-OPBUD HOLDER (BASE/STATION, MEF, DIVISION, WING, FSSG
Legal Responsibility

FUND ADMINISTRATOR/WORK CENTER (BATTALION/COMPANY)
Command/Administrative Responsibility

7. **BUDGETING**.

a. A budget is a plan to spend money. A unit's budget prioritizes funds for specific unit requirements in order to best support it's whole mission. The budget process begins with the notification from the comptroller's office on the fiscal year ceiling track amount that is authorized for the unit.

b. OPERATING BUDGET (OPBUD). The annual Operation and Maintenance, Marine Corps (O&M, MC) appropriations budget that is approved for a unit must fulfill specific mission requirements effectively. It must contain several elements that need to be determined and established in the budget preparation. These elements are:

(1) The unit's missions, functions, and commander's objectives (Intent).

(2) The material requirements needed to perform the assigned missions.

(3) Whether funding provided in the ceiling track is enough to perform assigned missions based on material requirements.

(4) The request and justification of funding above ceiling amount.

(5) The implementation, enforcement, and evaluation of the approved budget.

c. Driving Forces.

(1) Determining missions, functions, and the CO's intent of a unit would seem to be fairly easy tasks to accomplish. An infantry battalion's mission is to put steel on target and defeat the enemy by fire and maneuver. A maintenance battalion's mission is to support MEF organizations by providing intermediate maintenance. Determining any unit's mission seems relatively easy. However, identifying a budget that adequately supports that mission may be more complex.

(2) What makes creating a budget so challenging is determining all the functions that are needed to be performed in order for the unit to successfully perform it's assigned missions.

8. THE COMMANDER'S GUIDANCE.

"(April, 1997) …we cannot afford the Corps we have now nor the Corps we want in the future."
– General C. C. Krulak, Commandant of the Marine Corps

a. BUDGET OBJECTIVES. Commander's are responsible for determining operational objectives and formulating financial plans and budgets. In order to keep current on these responsibilities the commander must be aware of the unit's fiscal status and must know how funds are spent. The goal is to evaluate the current plan and measure whether or not the operational objectives are still being met as efficiently as possible. The principal objectives to unit budgeting are:

(1) Involve commanders and/or managers at all levels in the budget process.

(2) Justify all requirements for existing activities as well as new initiatives.

(3) Assess alternative methods of accomplishing objectives.

(4) Analyze different budget amounts or performance levels on the achievement of objectives.

(5) Provide a credible rationale for reallocating resources, especially from old activities to new activities.

b. COMMANDER'S INTENT. A commander's intent should drive the budget to fulfill the vision and priorities that the Commanding Officer has for the unit. This may include having all vehicle and equipment support at 95% or greater readiness (working and deployable at any time); improving unit training through additional local exercises; or improving the unit's degrading computer assets. Commander's intent should provide:

(1) What is important to the Commander.

(2) Where does this unit/command wish to be next year.

(3) Where does this unit/command want to be five years from now.

9. THE ANNUAL BUDGET.

a. BUDGET GUIDANCE. The Fiscal Director of the Marine Corps publishes guidance for the Commandant of the Marine Corps (CMC) to all Marine Corps commands. COMMARFORLANT and COMMARFORPAC publish guidance to their subordinate commands. Those subordinate commands in turn publish guidance. Normally every summer the comptroller's office will issue the order to begin the Budget Call to the work centers via the Fund Administrators.

b. BUDGET CALL. The budget is a means of two-way communication, and for it to be most effective in this role, budget preparation should begin at the very lowest levels of responsibility within the activity. Planning and guidance come from the top down, the budget from the bottom up. It should be a process with built-in feedback. At a minimum the guidance should provide:

(1) The format of the budget

(2) The date the budget is due (Normally every July or August).

c. BUDGET CEILINGS. Budget ceilings are the upper limit of funding authorized a unit for a fiscal year for each type of appropriations. Considerations for approximate funding amounts should be made during budget formulations for planning purposes and in budget execution to establish budget deficiencies.

(1) SPECIFIC CONSIDERATIONS. Using the budget guidance provided, research should be initiated to get an idea of what to expect. The following is a list of specific considerations to begin estimating the annual budget:

(a) PRIOR YEAR BUDGETS. The starting point for determining where funds may best be needed is by researching previous budgets to identify the unit's past fund execution (actual spending). This will identify budgeting and spending trends in the past. Spending trends and the missions that were supported is the most accurate way of evaluating authorization requirements. Using the required mission, spending can be grouped as one of the following:

1. FIXED COST / ONE-TIME COSTS. Those functions of a command that must be funded regardless of funding level (i.e., funds for a unit’s maintenance contracts, vehicle fuel, or repair part requirements).

2. DISCRETIONARY SPENDING. Spending in order to enhance the accomplishment of the mission.

(b) OPERATIONS AND TRAINING. for the upcoming year must also be compared with the prior year’s scheduled events. An evaluation of the previous year’s schedule and the efficiency of the budget will give an accurate estimate of what will be required in the future. When increases or decreases in unit operations occurs, estimated budget totals should reflect similar swings.

(c) EQUIPMENT ALLOWANCE CHANGES. must be considered if less or additional funding is required to support normal operations. All equipment additions or decreases will be identified in the Table of Equipment (T/E) and any User Logistics Support Summary (ULSS's) you may have received for equipment allowance changes. The ULSS's will cover, among other things, any costs associated with supporting new equipment.

(d) PERSONNEL CHANGES. can greatly affect your budget. If your unit is down sizing it’s personnel will less funds be needed for the annual TAD expenses? If there are projected increases in the Table of Organization (T/O) are there proportional increases in the T/E? Also check on any internal organizational changes. Is your unit planning on any in-house reorganization? If so, will it effect you financially?

(2) COLLECT DATA. Using the format provided in the Budget guidance, data must be collected from each section OIC/ SNCOIC that your unit’s budget supports. This gives each section an opportunity to identify new budget considerations as well as the normal expenses.

(3) PRIORITIZE DEFICIENCIES. All requested funding that cannot be supported by the annual budget is identified as an unfunded deficiency. Unfunded deficiencies are important to the annual budget because they provide visibility and insight to how the unit’s mission is being impacted. When deficiencies are identified in a unit’s budgets the Comptroller’s office makes recommendations which deficiencies should receive top priority and which are “nice to have”

items. These deficiencies will be reviewed when the Comptroller makes recommendations to the Commanding General of which deficiencies should receive funding if extra money were to become available. There are 4 separate levels in which HQMC prioritizes requirements.

(a) PRIORITY 1. Applies to deficiencies that impinge upon the unit's ability to adequately accomplish the mission.

(b) PRIORITY 2. Applies to deficiencies that could deteriorate the unit's ability to accomplish the mission.

(c) PRIORITY 3. Items which are important to the unit's overall effectiveness.

(d) PRIORITY 4. Items categorized as desirable which would enhance the unit's overall effectiveness.

(4) JUSTIFICATION STATEMENT. Each unfunded deficiency should be justified with a narrative description used to substantiate the request for funds. At a minimum the justification should provide specific facts about the unfunded deficiency. It should also be a concise statement that describes the impact the deficiency will have on readiness, mission accomplishment, sustain ability, training quality of life, etc., if not funded.

(a) Identify the requirement

(b) Describe the cause of the requirement

(c) Specify a dollar amount

(d) Explain why you need it

(e) Describe the impact each deficiency will have on your unit if not funded.

(5) BUDGET FORMULATION. Using the new information and the guidance from the comptroller's office a trial budget should be constructed. It should detail each work center's budget and specific justification for any new allocation's. In your trial budget, you should assign your own internal ceilings to each commodity area in your unit that will spend money. These internal ceilings should be based on two things:

(a) The overall ceiling you received from the comptroller or expect to receive.

(b) The percentage of the previous fiscal years budget, spent by each commodity area. (Staff sections, Communication section, Maintenance section, etc.).

(6) INTERNAL BUDGET. Each section should be given the opportunity to review their budget before it is submitted. This will give a last chance for new requirements due to mission changes or other last minute “saved rounds” to be included in the fiscal year’s budget. In addition, once the issue of budgeting is initially brought up, it may take a little while for ideas and goals for the upcoming fiscal year to be forwarded.

(7) APPROVAL / SUBMISSION. With the conclusion of any last minute information changes the budget should be forwarded to the unit commander for approval. Prepare a brief for the commanding officer on the overall budget plan. The focus should be showing how it will support the unit’s mission. After obtaining the approval of the commanding officer then forward the budget to the comptroller’s office.

10. BUDGET EXECUTION. This phase begins upon receipt of the approved Operating Budget. Once the budget has been approved, the comptroller’s office will issue a letter of authorization to each fund administrator. This letter of authorization will include the budget ceiling of each fund administrator and work center. Periodically, authorization amendments will be issued that should track changes in appropriations such as transfer of funds. Control of the fiscal spending is easily accomplished by balancing the weekly fiscal status of funds reports against your SABRS reports.

a. STANDARD ACCOUNTING, BUDGETING, AND REPORTING SYSTEM (SABRS) REPORTS. The SABRS system is an automated finanacial management system used throughout the Marine Corps for budget formulation, budget execution, and maintenance of accounting records with O&M, MC appropriations. SABRS reports can be used to identify total obligations for the current fiscal year. It is important to understand that all requisition’s are processed in a 4-step transaction cycle. If a customer wants to cancel a requisition and get reimbursed, the transaction should not have already been receipted for. The item must still be unused and able to be issued to another customer. If not the customer will probably be charged for the item making reimbursement difficult. The SABRS transaction cycle is broken down into 4 phases:

(1) RESERVATION. An administration step used to set aside funds for a future known or expected obligation. The requisition is processed into the supply system.

(2) OBLIGATION. A legal and binding agreement to spend funds out of the United States Treasury to obtain ordered goods or services. The requisition has been received and the item is being processed for shipment.

(3) EXPENSE. Receipt of ordered goods and services or the actual receiving of the benefit of ordered services. The requisition has been received by the requesting unit.

(4) LIQUIDATION. Actual disbursement of funds out of the United States Treasury to pay for goods and services. The requesting unit's receipt has been received by the supplier and PE funds are spent to purchase the item.

b. SABRS REPORTS. There are several basic reports that are essential for fund control and sourc document validation. Some of the most important reports are:

(1) Budget and Execution Reports.

(A) XR04. Direct Funds Summary by FA.

(B) XR10. Direct Funds Summary By Work Center.

(C) XR16. FA Management Report.

(D) XR28. Field Direct Planning and Performance Report.

(2) Material and Services Reports.

(A) M242. M&S Error Transactions Report.

(B) M275. Daily Transaction Update Report.

(C) M207. DSSC Daily Transaction Report.

(D) M205. M&S Material Not Received Report.

(E) M211. M&S Public Voucher Not Received Report.

(F) M150. Undelivered Orders Status Report.

(3) Travel Reports.

(A) T167. FA Travel Order Report For Current Cycle.

(B) T147. FA Travel Order Number Report.

(C) T231. FA Detail Unsettled Travel Advance Report.

11. MIDYEAR REVIEW. The purpose of the mid year review is to reevaluate the budget against the current mission in order to account for any changes that may have occurred. This process aids the comptroller's office in identifying new deficiencies within the command. Some issues that should be raised during the midyear review are:

a. New unfunded deficiencies.

b. Cost increases or decreases to budgeted programs.

c. Any costs requiring reimbursement from actions directed from higher headquarters.

d. Any requests for additional funding increases should be prioritized and justified.

REFERENCES:

1. MCO P4400.150_, Consumer Level Policy Manual
2. MCO P7100.8, Field Budget Guidance Manual
3. MCO P7300.20, Standard Accounting, Budgeting, and Reporting System (SABRS) Financial Procedure Manual